

Message Text

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PAGE 01 PARIS 10081 241426Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-15 IO-13 /131 W
-----120275 250113Z /65

R 241408Z MAR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 9094
INFO AMEMBASSY MADRID
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA
ALL EC CAPITALS
AMCONSUL BORDEAUX
AMCONSUL LYON
AMCONSUL NICE
AMCONSUL MARSEILLE
AMCONSUL STRASBOURG

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EMBASSY ALSO FOR USEEC

DEPARTMENT PASS TREASURY

E.O. 11652: N/A
TAGS: ETRD, FR
SUBJECT: STEEL INSTITUTE COMMENTS ON DAVIGNON PLAN, TPM
AND FUTURE

REF: STATE 68324

1. IN DISCUSSION WITH FRENCH STEEL INSTITUTE OFFICIAL,
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CLAUDE CATHERINE, WE LEARNED THAT THE INSTITUTE IS
GENERALLY PLEASED WITH THE SITUATION WHICH HAS
DEVELOPED IN THE STEEL MARKETS FOLLOWING U.S. ADOPTION
OF THE TPM AND THE REVISIONS IN THE EC'S DAVIGNON PLAN.

-- ON THE TPM, CATHERINE COMMENTED THAT THE INSTITUTE
BELIEVES THAT FRENCH EXPORTERS "OPERATING IN GOOD FAITH"

WILL BE ABLE TO CONTINUE TO SELL REASONABLE AMOUNTS OF
STEEL MILL PRODUCTS IN THE U.S. IN FACT THE VALUE OF
TOTAL FRENCH STEEL SALES TO THE U.S. MAY NOT DECREASE
DUE TO THE HIGHER PRICES.

-- ON THE DAVIGNON PLAN THE INSTITUTE IS NOW CONVINCED
THAT THE STEEL PRICE LEVELS ARE BEING RESPECTED WITHIN
THE COMMUNITY, A MATTER WHICH HAD BEEN OF PRIMARY
CONCERN TO THE FRENCH. THIS HAS CONTRIBUTED TO AN
IMPROVED - BUT STILL BY AND LARGE UNSATISFACTORY -
FINANCIAL POSITION FOR THE INDUSTRY.

2. CONCERNING OUR REQUEST FOR PRICE AND COST
INFORMATION (CONTAINED IN REFTEL), CATHERINE AGREED
THAT IT IS OBVIOUSLY IN THE INDUSTRY'S INTEREST TO
PROVIDE US WITH INFORMATION RATHER THAN HAVE US RELY ON
LESS AUTHORITATIVE SOURCES. HOWEVER, HE RESERVED ALL
COMMENT PENDING RECEIPT OF THE QUESTIONNAIRE.

3. CONCERNING STEEL'S FUTURE COURSE, THE STEEL
INSTITUTE IS ANXIOUS TO LEARN THE COMPOSITION OF THE
NEW FRENCH GOVERNMENT SO THAT IT CAN BEGIN TO DISCUSS
WITH THE GOVERNMENT FURTHER RESTRUCTURING STEPS WHICH
HAVE BEEN DEVELOPED WITHIN INDUSTRY CIRCLES OVER THE
PAST FOUR MONTHS. THESE STEPS WOULD GO BEYOND THOSE
CONTAINED IN THE APRIL 1977 "PLAN ACIER", I.E. FURTHER
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REDUCTIONS IN STEEL CAPACITY AND EMPLOYMENT, MORE
REORIENTATION TOWARDS ELABORATE STEEL MILL PRODUCTS,
AND INCREASED FINANCIAL ASSISTANCE.
HARTMAN

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NNN

Message Attributes

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